

**City of Carlsbad
City Manager Employment Agreement**

This Agreement is entered into as of the last date signed below by and between the city of Carlsbad, California, a municipal corporation (the "City"), and Steven R. Sarkozy, an individual (the "City Manager"). The City and the City Manager are sometimes individually referred to as a "Party" and collectively as "Parties."

RECITALS

WHEREAS, Chapter 2.12 of the Carlsbad Municipal Code provides for the Office of the City Manager who shall be appointed and retained by the City Council wholly on the basis of his management ability and experience, particularly in the municipal management field and shall hold that office for and during the pleasure of the City Council, and

WHEREAS, the Council desires the employment of Steven R. Sarkozy as City Manager, and

WHEREAS, it is the desire of the parties hereto to act as a deterrent against malfeasance or dishonesty for personal gain on his part; and to provide for terminating his services at such time as he may be unable to fully discharge his duties or when the City Council may otherwise desire to terminate his employment; and

WHEREAS, this Agreement and the Term as further described below complies with Government Code sections 53260 et seq.; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION I – DUTIES

The City Council hereby agrees to the employment of Steven R. Sarkozy as City Manager and to exercise the powers, duties and responsibilities set forth in Carlsbad Municipal Code Chapter 2.12 and applicable state law and such other applicable ordinances and resolutions now in effect or hereafter adopted by the City Council. The City Manager is subject to and shall comply with the provisions of California Government Code Title 5, Division 2, Part 1, Chapter 2, Article 2.6 entitled "*Abuse of Office*" (California Government Code sections 53243, et seq.).

SECTION II – TERM

Steven R. Sarkozy is appointed as City Manager and shall continue in that capacity and shall continue to fulfill the powers, functions and duties of the City Manager and shall serve in that capacity until such time as this Agreement is terminated pursuant to Section IV below. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the City Manager to resign his position at any time. City Manager agrees to remain in the exclusive employ of the City and neither to accept other

employment or to become employed by any other employer without the express permission of the City Council; provided, nothing contained herein shall be construed or interpreted to prohibit City Manager from engaging in such occasional activity such as teaching, writing or consulting which activity shall only be conducted apart from his normal and regular functions and duties.

SECTION III – SALARY

The annual base salary for the City Manager shall be \$260,000 which shall be paid bi-weekly, \$10,000 per completed pay cycle. This includes the compensation for the additional positions of Executive Manager of the Carlsbad Water District and/or other boards or commissions that assemble and require the services of the City Manager.

SECTION IV – SEPARATION FROM EMPLOYMENT

In the event the City Council terminates this Agreement during which time City Manager is ready, willing and able to perform the functions and duties set forth herein, then, in that event, City Council agrees to continue City Manager base salary and health benefits (i.e. health, dental and vision) for a period of twelve (12) months or, upon mutual agreement, pay a single lump sum payment equal to one (1) year base salary.

SECTION V – VEHICLE ALLOWANCE

The City Manager's functions and duties require him to have use of an automobile during his employment with the City. The City shall reimburse the City Manager the annual sum of \$9,600 (which shall be paid bi-weekly) for the expense of owning, operating and maintaining and insuring his personal automobile. City Manager shall keep and maintain in full force and effect personal liability and property damage insurance in the minimum amounts of \$250,000 per person and \$500,000 per occurrence and property damage of \$100,000, and shall name the City of Carlsbad as additional insured. The amounts received under this section are in addition to the base salary and shall be considered as part of the total cash compensation discussed in Section III above.

SECTION VI – OTHER SUPPLEMENTAL BENEFITS

The City Manager shall accrue vacation leave and sick leave as provided for under existing City policy. City Manager shall be credited for twenty years of service credit in calculating accrual rates, and City Manager shall be permitted to earn and accrue up to and including a maximum of three hundred and twenty (320) hours of vacation. Each February, City manager will be allowed to voluntarily convert up to one hundred sixty (160) hours of accrued vacation to cash. All other actions taken by the City Council relating to fringe benefits for management employees shall be considered actions granting the same to the City Manager, except that the City Manager will be granted 160 hours of Executive Leave Time each fiscal year and that he may decline any fringe benefits to the extent permitted or authorized by law, City policy, or this Agreement. As used herein, fringe benefits include but are not limited to vacation, sick leave, educational benefits as they existed on the Effective Date of this Agreement, holidays, retirement (CalPERS), benefits and payments, health insurance, dental insurance, long-term disability insurance and life insurance as set for in the Performance Management and Compensation Plan and elsewhere.

The City Manager may elect to participate in any of the medical programs offered by the City. The City agrees to provide a benefit credit equal to the premium of the highest cost medical, dental and vision plans available at the family coverage level plus the value of the maximum calendar year medical co-pay established for the medical plans offered by the City.

In the event of a medically designated disability, the City will supplement sick leave and long term disability (LTD) benefits in order to provide the City Manager 100% of salary beginning the first day of a disability and shall not exceed one year.

The City will contribute on behalf of City Manager the maximum annual amount allowable under and by the United States Tax Code for employees age 50 or older (currently \$23,000), to a section 457 plan, pro-rated over the number of pay periods in the calendar year.

The City will contribute on behalf of City Manager \$27,000 per year to a 401-a defined contribution plan, pro-rated over the number of pay periods in the calendar year, and contributions will be retroactive to the Effective Date of this Agreement. The City Manager will be subject to plan requirements approved by the City Council. The proposed vesting schedule is 100% after completing the first year of employment.

SECTION VII – RETIREMENT

The City Manager will be enrolled in the CalPERS retirement system in accordance with PEPRA rules (California Government Code sections 7522, et seq.) under a 2%@62 formula with 3 year final average earnings and pensionable compensation cap. The City Manager will be responsible for the CalPERS employee contribution.

SECTION VIII – RELOCATION

The City Council shall provide City Manager with a temporary housing allowance for temporary housing located within the City, in the amount of \$3,900 per month, commencing on the Effective Date, for a period of 12 months. If the City Manager locates and purchases a residence prior to the expiration of 12 months, any remaining temporary housing payments up to the 12 months may be applied to relocation expenses that exceed the amount provided in the following paragraph. All applicable IRS regulations will apply.

City Council shall pay up to \$25,000 for the relocation costs associated with moving from Bellevue, Washington including packing and moving expenses, house search expenses, round trip airfares between Bellevue, WA to San Diego County and expenses resulting from the sale of the City Manager's current residence, and other reasonable and standard moving expenses for the City Manager, spouse and children. City Manager will submit invoices to City for reimbursement. City Manager will be required to reimburse the city for half of these relocation expenses if he leaves employment within two years of City of Carlsbad service.

SECTION IX – ANNUAL REVIEW

The City Council shall review and evaluate the performance of the City Manager in January of each year. This review and evaluation of performance and salary shall be in accordance with the criteria developed jointly by the City Council and the City Manager. The Mayor shall provide the City Manager with a summary written statement of the findings of the City Council and provide an adequate opportunity for the City Manager to discuss his evaluation with the City Council. The Mayor shall report out and authorize the Human Resources Director to make changes to the salary or other agreed benefits to this or subsequent employment contracts in accordance with all applicable laws.

SECTION X – ANNUAL GOAL SETTING

Annually, the City Council and the City Manager shall define such goals and performance objectives which they determine necessary for the proper operation of the City and an attainment of the City Council's policy objectives. This shall also establish a relative priority among these various goals and objectives and this shall be reduced to writing.

SECTION XI – PROFESSIONAL AND ORGANIZATIONAL DEVELOPMENT

All normal business expenses, such as attendance at the League of California Cities, ICMA, or other association or industry association meetings and conferences as well as business lunches, dinners, etc., will be provided for separately in the operating budget of the City Manager's office. The City Council continues to support and encourage continuing development and professionalism of the City organization and its employees. As such, the City Council supports the City Manager's organizational development efforts, including but not limited to, employee development, department development, and organization-wide development. These efforts shall support the City Council Vision and Goals and provide for the ongoing development of a high-performing organization.

XII – EFFECTIVE DATE

The effective date (Effective Date) of this Agreement shall commence on the first day that the City Manager reports for duty and all salary and other compensation benefits shall be paid retroactive and/or in accordance to that date. It is currently contemplated that the City Manager will report for duty on April 14, 2014, unless the Parties mutually agree to a different start date.

XIII – NOTICES

Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows or as such address may be changed from time to time upon written notice to the other:

CITY:
MAYOR
City of Carlsbad
City Hall
1200 Carlsbad Village Drive
Carlsbad, California 92008

CITY MANAGER
Steven R. Sarkozy

XIV – MISCELLANEOUS

(a) This Agreement may be executed in counterparts and each executed counterpart shall be construed to be an original.

(b) If any part of any provision of this Agreement or any other agreement, document or writing given pursuant to or in connection with this Agreement shall be declared to be invalid or unenforceable under applicable law by a court of competent jurisdiction, said part shall be ineffective to the extent of such invalidity only, and the remaining terms and conditions shall be interpreted in such a manner so as to give the greatest possible effect of the original intent and purpose of the Agreement.

(c) This Agreement constitutes the entire agreement and understanding of the parties and supersedes all offers, negotiations and other agreements. There are no representations or understandings not set forth herein. Any amendment to this Agreement must be in writing and executed by both parties.

(d) The Parties agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

IN WITNESS WHEREOF, the City and the City Manager have signed this Agreement on the day and year written below.

"City"

CITY OF CARLSBAD

A Municipal Corporation

"City Manager"

Steven R. Sarkozy

By: Matt Hall

MATT HALL
Mayor

Steven R. Sarkozy
STEVEN R. SARKOZY

Date: 3/21/14

Date: March 4, 2014

ATTEST:

By: Barbara Engleson for

BARBARA ENGLERSON, City Clerk

APPROVED AS TO FORM:

By: Celia A. Brewer

CELIA A. BREWER, City Attorney

